

25/3/14

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SYAF
Fin Acctg - IV

Time: 2 hours

Marks: 60

Instructions

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Working note form part of their answer.

[Marks 10]

Q.1 A) State whether the following statements are True or False with reason:

1. On amalgamation of firm fictitious assets are transferred to realization account.
2. Salvage means cost price of the goods destroyed in the fire.
3. The number of installments must be contained in the hire purchase agreement.
4. Godown rent is excluded from cost for valuation of closing stock of goods on consignment.
5. If the purchase consideration is more than the value of the net assets taken over, the difference is credited to capital reserve in the books of the company which has taken over a firm.

Q.1 B) Match the following column:

[Marks 5]

Column A	Column B
20% GPR on cost	Prepared by consignee
Depreciation	Goodwill
Account sales	Debit realisation account
Dissolution expenses paid by Company to firm	Provided by the hire purchaser on cash price
Asset sold for cash by vendor firm on amalgamation	GPR at $1/6^{\text{th}}$ of sale price
	Credit realization account

[Marks 15]

Q.2 Mr. Robo and Mr. Sobo are partners in RS & Co. In a similar type of business Mr. Lobo and Mr. Mobo are partners in LM & Co. It was agreed that on 1st April, 2013 the old firms be amalgamated into one new firm RL Co.Ltd.

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The respective Balance Sheets of the old firms as on 31st March, 2013 were as follows:

Liabilities	RS & Co. ₹	LM& Co. ₹	Assets	RS & Co. ₹	LM& Co. ₹
Capitals			Land &	29,600	40,000
Robo	61,200	-	Building	7,200	5,600
Sobo	44,000	-	Furniture	12,000	7,200
Lobo	-	45,200	Vehicles	33,200	26,400
Mobo	-	29,600	Stock	3,200	-
Creditors	20,800	24,000	Investments	27,200	23,200
Bank Overdraft	-	3,600	Debtors	13,600	-
			Bank		
	1,26,000	1,02,400		1,26,000	1,02,400

Profit Sharing Ratio :

	Robo	Sobo	Lobo	Mobo
Old Firms	4	3	3	2
New Firms	6	5	4	3

Terms and conditions of amalgamation:

1. Provision for doubtful debts @ 5% to be made on Debtors.
2. Rebate on liabilities of creditors to be provided @ 2%.
3. New Firm to take over the assets of old firms as under :

Assets	RS & Co. ₹	LM Co. ₹
Stock	33,800	25,560
Vehicles	11,200	5,200
Furniture	6,400	-
Land & Building	40,000	-
Goodwill	25,200	18,000

4. Furniture and Land & Building not taken over by New Firm were sold for ₹ 54,000 on 1st April, 2013 by LM & Co.
5. Mr Robo to take over investments for ₹3040.
6. The Capitals of the partners in the New Firm were to be ₹ 2,16,000 to be contributed in profit sharing ratio; any adjustment to be made in cash.

You are required to close the books of the old firms and prepare the opening Balance sheet of the New Firm.

OR

[Marks 15]

Q.2 X, Y, and Z were in partnership sharing profits 1/2, 1/3, 1/6. The balance sheet of the

partnership as at 31st December was as under :-

Liabilities	₹	Assets	₹
Capitals:		Fixed assets	70,000
X		Stock	34,000
50,000		Debtors	54,000
Y	1,00,000	Cash	61,000
30,000			
Z			
20,000			
Currents A/Cs :	55,000		
X 24,000	20,000		
Y 18,000	35,000		
Z 13,000			
Loan Y	2,10,000		2,10,000
Creditors			

The fixed assets included two cars having book value of ₹7,000 and ₹5,000

The partners accepted the offer of Max Ltd to acquire the stock and fixed assets, other than cars, at an inclusive price of ₹1,50,000. The purchase consideration was to be satisfied by a cash payment of ₹26,000 and allotment by the company to the partners of ₹5,500 6% preference shares of ₹10 each @ ₹8 per share paid up and 8000 Equity shares of ₹10 each fully paid up. The debtors realised ₹42,000 and creditors were settled for ₹33,000.

The partners agreed that the following should be the basis of distribution on dissolution of the partnership :

1. X to takeover one car at a valuation ₹8,000 and Y to take over the other car at a valuation of ₹4,600.
2. Y to be allotted preference shares to the value of his loan, balance being allotted equally between the partners.
3. Equity shares to be allotted in proportion to fixed capital.
4. The balance to be settled in cash.

You are required to prepare :-

1. Discharged of purchase consideration.
2. Statement showing distribution of shares.

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3. ledger account a) Realisation a/c b) Partner's capital a/c
 c) Partner's current a/c d) Cash a/c.

[Marks 15]

Q.3 Bharat of Indore consigned 100 printing machines to Raj of Mysore to be sold on his risk. The cost of one printing machine was ₹ 150 but the invoice price was ₹ 200. Bharat paid freight ₹ 600 and insurance in transit ₹ 200. Raj sent a bank draft to Bharat for ₹ 10,000 as advance payment and later an account sales showing that 80 printing machines were sold at ₹220 each. Expenses incurred by Raj were : carriage inward ₹ 25, advertisement ₹ 300, Octroi ₹ 75, godown rent ₹ 500. Raj is entitled to a commission of 5% on sales. Prepare necessary Ledger Account in the books of Bharat and Raj.

OR

[Marks 15]

Q.3 A Fire occurred in the premises of Radhika & Co. on 16th November, 2013 where by substantial stock was severely destroyed. The records available with the company yield the following information :

- a) For year ended 31st March, 2013

particular	₹	particular	₹
To stocks	1,50,000	By sales	30,00,000
To purchases	12,30,000	By stocks	1,80,000
To Freight & Direct Expenses	3,00,000		
To wages	6,00,000		
To Gross Profit	9,00,000		
	31,80,000		31,80,000

- b) For period from 1st October to date of fire sales and purchases were at same, monthly rate as for period 1st April, 2013 to 30th September, 2013.
 c) The freight, wages and Direct Expenses during period 1st April, 2013 to date of fire were at the same rate per month as in last year.
 d) salvage value is 10% of cost of stocks.
 e) for half year ended 30th September, 2013
 Sales ₹18,00,000
 Purchases ₹8,40,000
 f) The sum insured is ₹2,00,000 and policy contains Average Clause. Compute the amount of claim.

[Marks 15]

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[Marks 15]

Q.4 Mr Pratik purchased a car on hire-purchase basis from Santro Ltd. on 1-01-2012 for ₹ 2,60,000. He paid ₹ 20,000 on signing the contract and four half-yearly instalments of ₹60,000 each on 30th June and 31st December every year there after. The cash value of the car was ₹2,10,000. Santro Ltd. charged interest at 20% p.a., with half-yearly charge. Depreciation @ 20% p.a. on W.D.V is charged on car. Prepare Necessary Ledger Accounts in the books of Santro Ltd., for the years 2012 and 2013;

OR

[Marks 5]

Q.4 A) XYZ & Co took over asset i.e Land & Building ₹4,00,000, Plant & Machinery ₹3,00,000, Furniture ₹ 2,00,000, Stock ₹60,000, Debtor ₹ 1,50,000 and Cash & Bank balance ₹ 90,000. The Liabilities taken over include Creditors ₹1,50,000, Bills payable ₹ 40,000 and Expenses Payable ₹ 10,000 Compute statement of Purchase Consideration.

[Marks 10]

Q.4 B) Roy purchased a machine from Soy printers on hire purchase basis on 1st July,2011. The terms of the contract were as follows :

1. The cash price of the machine was ₹75,000.
2. Paid ₹ 15,000 on signing the contract on 1st July,2011.
3. The balance was paid in installment of ₹20,000 plus interest at 15% per annum.
4. The installment were paid on 31st December every year commencing from 31st December,2011. Roy charged depreciation at 20% p.a under S.L.M . They closed their books on 31st December.

Compute the payment of interest to be made each year and also calculate Depreciation.
